



Journal  
of Danubian  
Studies  
and Research

## **Primary Accounting of Production Costs in Agricultural Holdings and its Improvement**

**Tatiana Chira<sup>1</sup>**

**Abstract:** A well-founded organization of cost accounting in agriculture requires in many respects a revision of the principles of reflecting economic facts in primary accounting in strict accordance with the requirements of modern business systems and modern conditions for the use of the necessary spectrum in modern technologies. Resources. Currently, the unification of information carriers and the rationalization of the content of documents are of paramount importance - the actions, we believe, will generate the development of standard forms, updated with a simultaneous reduction in the number of mandatory elements to reflect similar operations and adapt to them. Requirements for automated processing.

**Keywords:** production cost; accounting; costs; resources; cost accounting

### **Introduction**

Organizations carrying out production and/or service activities are required to keep records of production costs and calculate the cost of products/services provided. All production costs are recognized on an accrual basis in the period in which they are actually incurred. As the main elements of accounting, accounting and calculation of the cost of production, it is necessary to provide the management of agricultural holdings with a full range of economic, financial, forecast and analytical data aimed at achieving the goals of doing business based on profit criteria. Management accounting, being an important means of assessing the activities of an enterprise, contributes to an increase in value by determining the efficiency of the resources

---

<sup>1</sup> PhD in progress, Ștefan cel Mare University of Suceava, Romania, Address: 13 Universității Str., Suceava 720229, Romania, Tel.: +4 0230 216 147, Corresponding author: tbasoc@bk.ru.

used. In this context, management accounting is reorienting its tasks towards more efficient resource management. Thus, the need for an approach to a new concept of organizing management accounting, which enhances its role in the enterprise, was emphasized.

**Material and method.** The research is based on the methods based on the general principles of the analysis of complex systems: the system analysis method, the forecasting method and the data analysis method.

**Results and Discussions.** It is well known that if the same supporting document, used in different farms, has a common architecture and contains the same elements, are equally positioned, then these forms are inevitably processed and used in order to be clearly simpler.

The provision of commercial autonomy to agricultural holdings has significantly contributed to the creation and simplification of methods for conducting operational accounting. So, in the agricultural holding of the cooperative type “Khusa-RVN”, located in the Brichansky region, out of 21 provided fields, only 10 fields from the machine operator’s score sheet are used.

Unregistered information refers to information related to the conditions of the quality of work, the number of conditional hectares of surface, the actual confirmation of the use of diesel fuel, etc. performance of technical works. The remuneration of employees for the actual hours worked for operations and work provided for by the flow chart, in compliance with the coordination of the additional payment with the result obtained and individual sanctions for violation of labor discipline, significantly reduced the responsibilities of managers and specialists to determine every day. The individual rule is really fulfilled, and for the performers - the desire to unreasonably increase the volume of work performed while reducing their quality.

At the same time, the specified household, in addition to optimizing the way of practical application of the forms of standardized documents, went further, developing individualized models. Thus, in the subject, the order form has been replaced with a vehicle form, which made it possible to simplify the architecture and the availability of information in relation to managers and performers. This example shows that in modern subjects in the agrarian sphere, with the use of new industrial relations by all participants in the process: founders, co-owners, managers, workers, etc., their documentation and essence will be revised and optimized in such a way as to meet the requirements of effective management. It is safe to say that the documents arising as a result of the development by adjacent sectors of documents

with internal circulation, certifying the performance of technological work, from forms of search, generalization and control will develop into the stage of information about what, when and how, or another technological process that uses material and human resources, accompanying processing by employees of innovative elements in the field of production.

Of course, the choice of the list, algorithm and method of direct application in the production process of any form of supporting documents refers exclusively to the competence and internal necessity of business entities. At the same time, it should be noted that when granting this exclusive right, acquired as a result of the reform of the national accounting system, business entities must comply with the following two fundamental requirements:

- continuous and complete maintenance of primary documents of any operations;
- collecting and synthesizing information in such a way that it can be useful for the management, control and improvement of relevant situations. Research in this area convincingly confirms that a significant part of agricultural business entities, when reflecting the consumed resources and registering the received products, use traditional forms of supporting documents.

Their content, purpose and features of use:

- are known to specialists and managers;
- are described in detail by didactic-scientific sources of scientists in this field [1; 2; 3; 4, etc.];
- ordinary employees of the accounting department, but those who directly perform the work.

At the same time, it should be noted that the experience of agricultural holdings in using standardized forms of supporting documents gives rise to many technical and applied difficulties.

Thus, their structural content contains a lot of unnecessary information for accountants, specialists and managers, which they rarely use. Another problem is that a significant number of items included (including those provided for in the Law on Accounting and Financial Reporting) in many households are not completed.

According to the study, we can conclude that only about 10 percent of the wording of the primary record meets the current requirements. At the same time, it is repeatedly emphasized that many of them have passed the “limitation period” of use (in terms of content and functions), since initially these forms were developed for use in large organizations, where the production process was based mainly on a

collective form. Horizontal and vertical management control and, of course, clear systems of material motivation for employees.

However, at present, the number of such entities in the republic is gradually decreasing, which, in turn, has led to the emergence of small and medium-sized entities, such as: peasant farms (farmers), limited liability companies and other private entities. In this order of ideas, we mention the absence of the need to further maintain an exaggerated number of standardized forms of technical and operational records in the field of agricultural production, which, of course, leads to additional costs, more cumbersome information processing, and the relief of involuntary technical and technical errors, other.

At the same time, we support representatives of newly formed business entities, based on the fundamental principles of independence, competition, trade secrets and personal responsibility, since such a prism and the way of applying evidence is no longer relevant and needs to be improved. In accordance with modern requirements.

Currently, the documentary improvement is based on taking into account a specific resource used (for example: for calculating the cost of seeds, planting material, cuttings, etc. A report on the consumption of seeds and planting material is used; for writing off the cost of organic fertilizers, minerals, etc. Protocols consumption of mineral, organic and bacterial fertilizers, chemicals and herbicides, etc.). But the content and structure of these documents differ little, since they reflect similar business transactions.

Thus, for documentary confirmation of the write-off of the cost of resources, it is possible to replace the mentioned documents with a unique, more optimal form – “Protocol of material consumption”, the draft of which can be prepared by each economic unit independently. With its description in the accounting policy of the enterprise. Another area of accounting that requires a lot of work is the reflection of information regarding labor costs, technological work and, of course, payroll transactions for workers in the agricultural sector.

Operational records of labor costs and wages in the phytotechnical sub-industry, of course, should provide managers and specialists of the organization with a full range of information useful for the effective implementation of horizontal and vertical verification measures, conducting internal audit missions of individual technological stages of the production process, truthful calculation of the actual cost of each type of product received, budgeting, etc.

At present, the records of works performed in phytotechnics are carried out according to the following forms of traditional documents: collective attendance; machine operator's sheet; protocol of work and work performed. Based on the results of the research on the topic, it can be concluded that from the forms of documents mentioned above in the studied agricultural holdings, for technological work (manual and mechanized), only statements of collective presence and statements of evidence are used. We believe that the form of the first document does not require significant changes and still meets the development requirements. We propose to amend the mechanic's protocol, i.e. improve it in the following way: all homogeneous work should be summarized with a direct calculation of the amount of fuel consumed by type and amount of remuneration for the actual hours worked.

The information in this document is currently inadequate in terms of content and architectural structure, creating technical, operational and analytical difficulties for users. The proposed improvement, in our opinion, allows you to exclude the data that is duplicated, and also allows you to correct the data arrays for digitization and automated processing.

Let us illustrate this with a common example. We assume that during July 2020, the mechanic performed technological work on the cultivation technology (including loosening the row spacing). The labor force per hectare for this operation is 14 lei, and the normal fuel consumption per hectare for this operation is 6 liters. During the month, technological work was distributed as follows: June 4 - 6 hectares, June 6 - 5 hectares, June 8 - 7 hectares, June 12 - 4 hectares, June 15 - 5 hectares, June 20 - 6 hectares.

The locksmith on other days, in addition to the declared works, participated in other technological work on the farm, such as: treatment of plantations with insecticides against diseases and pests, transportation from one unit to another, etc. If the traditional document model is used to reflect the declared works, then documents and calculations must be made six times with the same information related to the work on loosening the gaps between the rows, the unit of measurement for technological work is hectare. The labor force cost per hectare is 14 lei, the standard fuel consumption per hectare is 6 liters. The same number of times must be used when calculating the amount of fuel and the mechanic's wages (volume of work performed  $\times$  labor cost or standard fuel consumption per hectare).

If we take actions to improve the structure of the form in question, then, as a result, the labor costs associated with filling it out will noticeably decrease. For any

mechanized work (for example, in our case, work to reduce the gaps between rows), identification of the work and those informative data (standard fuel consumption and the price of work per hectare), as well as two others. Indicators to be calculated are recorded only once.

If we take actions to improve the structure of the form in question, then, as a result, the labor costs associated with filling it out will noticeably decrease. For any mechanized work (for example, in our case, work to reduce the gaps between rows), identification of the work and those informative data (standard fuel consumption and the price of work per hectare), as well as two others. Indicators to be calculated are recorded only once.

In our opinion, the protocol of completed works and works also has a number of disadvantages. The document under consideration lacks the number of fields that are not necessary to reflect the technological work that is expected to be completed during the considered management period, and the calculated amount of remuneration should be calculated every day without dividing into any groups. All of this, as well as some additional work performed by employees responsible for registering and processing the data on labor costs and remuneration of each individual employee entered in this supporting document. During the harvesting period, in addition to the forms of initial confirmation of technological work, the daily accounting of agricultural products is also completed. This significantly increases the labor costs of accountants and other professionals, and also creates additional participation rights when the workflow is at its peak.

Research shows that many manufacturing enterprises in the agricultural sector show that these forms of documents are drafted and used in different ways in harvesting, namely:

- some entities (approximately 50 percent of the number of objects to be researched) fill out this form randomly, without applying certain rules, but on the principle of a “common pot”. In addition, a document is drawn up on a monthly basis characterizing information about the harvest registered for individual workers (brigade, brigade, etc.), after which it is registered in the register, which has the character of centralization for the household, and serves to register in the accounting system all relevant operations;
- another proportion of interviewed households, about 35 percent, indicate in these documents the products received separately for each center of responsibility (in our

case, division), for separate decades, which ultimately is reflected in the centralized billboard open to each household;

- Finally, the remaining 15 percent of the units to be surveyed fill out the form specified separately by workers (officials, cumulators, students, etc.), after which the data is grouped by teams and households as a whole. Thus, if we summarize the above, it turns out that the registration of information and its processing differ at the same time, which indicates confidence in a significant improvement in the primary documentation on labor costs and products received, as well as the need for further processing.

Concluding the thought, we believe that the processing and rationalization of the content of the documentation should be focused on simultaneously reducing the number of mandatory elements to reflect similar operations, reducing labor costs and maximizing adaptation to the requirements of automated processing.

### **Bibliography**

Caraman, S. & Cușmăunsă, R. (2007). *Managerial accounting. Note the course*. Chisinau: Central Printing House, p. 225.

Coordonator Nederița, A. (2000). *Managerial accounting. Practical-didactic guide*. Chișinău: ACAP. p. 264.

Frecăuțeanu, A. & Balan, I. (2002). *Accountable evidence in agricultural exploitations*. Chisinau: UASM, p. 257.

\*\*\* (2002). *The guide of the accountant of the agricultural cooperative of the entrepreneur*. Chisinau: ACAP, p. 272.